



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

January 23, 2012

CERTIFIED RETURN RECEIPT  
7009 3410 0001 4202 8706

Taylor Holliday  
Holliday Construction  
700 East Brown Canyon Road  
P.O. Box 502  
Blanding, Utah 84511

Subject: Evaluation of Reclamation Surety, Holliday Construction, Lime Ridge Mine,  
M/037/0081, San Juan County, Utah

Dear Mr. Holliday:

The last reclamation cost estimate for the Lime Ridge mine was completed in 2006 and escalated to 2011 dollars, so the reclamation surety amount is now due for review and adjustment. The Division of Oil, Gas and Mining may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (rule R647-4-113.6).

The Division used the calculation from 2006, applied actual changes in costs to adjust the figure to 2011, then used a five-year average (1.7 percent) to adjust the figure to 2016 dollars. As shown in the attached spreadsheet, the resulting amount is \$61,700.00.

The current surety is in the form of two certificates of deposit totaling \$57,788.00. One is with Wells Fargo, and the other is with Zions Bank. The difference between this amount and the amount required is \$3912.00. The surety can be increased by supplying a rider to the surety bond or by providing cash, a certificate of deposit, or a letter of credit for either the increased or total amount. If you supply an alternate form of surety for the total amount, the Division would release the existing surety. Please contact Penny Berry at 801-538-5291 or by e mail at [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov) with questions about increasing the surety amount.

Please supply the additional surety by March 23, 2012.

The Division also requests that you review the current Notice of Intention to Conduct Large Mining Operations (NOI) is adequate and reflects the current operation conditions. Any necessary changes should be addressed by submitting an amendment to the NOI.



Page 2 of 2  
Taylor Holliday  
M/037/0088  
January 23, 2012

Thank you for your cooperation. Please call me at 801-538-5261 or e mail me at if you have questions about this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB' followed by a stylized flourish.

Paul B. Baker  
Mining Program Manager

PBB:pb

cc: SITLA (jblake@utah.gov)

P:\GROUPS\MINERALS\WP\M037-SanJuan\M0370081-LimeRidge\final\escalate-09142011.doc

Lime Ridge		M/037/0081	
Surety Escalation		January 23, 2012	
	Percentage increase/year	Surety amount in <year> dollars	
2001	4.21%	1.0421	
2002	2.02%	1.0202	\$0.00
2003	1.71%	1.0171	\$0.00
2004	0.84%	1.0084	\$0.00
2005	3.99%	1.0399	\$0.00
2006	5.44%	1.0544	\$52,066.00
2007	2.12%	1.0212	\$54,898.39
2008	-3.40%	0.966	\$56,062.24
2009	2.90%	1.029	\$54,156.12
2010	1.80%	1.018	\$55,726.65
2011			\$56,729.73
2016		1.017	\$61,718.51
Rounded to nearest \$100			\$61,700.00

Note: The surety amount is listed in the row of the year in which it was calculated.  
The escalation factor for a year is applied to the surety amount to take it to the next year.